

Housing and Community Development Corporation of Hawaii

Public Housing Asset Management Statement

In January 2003, International Business Machine, Inc (IBM), Business Consulting Services was contracted by HUD and HCDCH to conduct a review and analysis of HCDCH's capabilities to effectively operate and manage its federal public housing stock. The contract specified that IBM develop an Independent Assessment (IA), a Physical Needs Assessment (PNA), and a long-range portfolio plan for HCDCH. The IA was completed in April 2003 and identified operational and management issues that needed to be addressed in order to improve the long-term viability of the housing agency and raised issues such as insufficient staffing; challenges of the State legislative process; leadership turnover; lack of clear policies and procedures, training, and internal controls; technology problems; and an aging housing stock.

From January through May 2003 IBM carried out the physical assessment of all federal public housing projects owned by HCDCH. The final PNA report and a "Recommended Approach to HCDCH Long-Range Portfolio Planning – Five, Ten and Twenty Year Plan" was submitted to HUD and HCDCH in September 2003.

HCDCH has executed a Memorandum of Agreement with the Pacific Division , Nava Facilities Engineering Command, which is responsible for the privatization of Navy housing. Through this MOA, Ernst & Young is analyzing HCDCH holdings and developing recommendations for the restructuring of the HCDCH real estate portfolio. These should be presented to the board by early 2005.

The HCDCH is also taking steps to move to project-based budgeting and accounting and anticipates submitting a draft implementation plan by 9/30/05.